

**Housing Authority of
the City of Bossier City
Bossier City, Louisiana**

**Basic Financial Statements
With Independent Auditor's Reports
As of and for the Year Ended
June 30, 2012**

With Supplemental Information Schedules

**Housing Authority of the City of Bossier City
Bossier City, Louisiana**

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Independent Auditor's Report

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Bossier City
Bossier City, Louisiana

We have audited the accompanying financial statements of the business-type activities, the discretely presented component units, and each major fund of the Housing Authority of the City of Bossier City (Housing Authority) as of and for the year ended June 30, 2012, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component units and each major fund of the Housing Authority of the City of Bossier City, as of June 30, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The financial data schedule, the schedule of expenditures of federal awards, the statement of actual modernization cost certificate and the schedule of compensation paid board members are presented for purposes of additional analysis and are not a required part of the basic financial statements. Financial data schedule, the schedule of expenditures of federal awards, the statement of actual modernization cost certificate and the schedule of compensation paid board members have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements as a whole.

CARR, RIGGS & INGRAM, LLC
CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 18, 2012

Management's Discussion and Analysis

Housing Authority of the City of Bossier City
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2012

(Unaudited)

We, the management of the Housing Authority of the City of Bossier City (the "Housing Authority"), present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ended June 30, 2012. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities by \$10,551,261 at the close of the fiscal year ended 2012. Of this amount, \$3,415,393 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount is approximately 68.23%, or about eight (8) months, of the total operating expenses for the fiscal year 2012. The remainder of \$7,135,868 represents restrictions equal to the net amount invested in land, building, furnishings, leasehold improvements, and equipment of \$6,375,311 and \$760,558 of restricted investments for improvements and replacements.
- The Housing Authority's total net assets decreased by \$616,315, approximately 231% decrease from fiscal year 2011. The decrease from 2011 is attributed to the following major decreases in 2012 income items:
 - There are no developer fees earned in 2012, a decrease of \$325,807 from 2011;
 - Capital contributions totaled \$1,184,407 in 2011, a decrease in 2012 of \$822,611;
 - Housing assistance payments paid increased \$177,817; and
 - Maintenance and repairs increased \$146,629 over 2011.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The *balance sheet* presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

The *statement of revenue, expenses and changes in fund net assets* presents information detailing how the Housing Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave.).

Housing Authority of the City of Bossier City
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2012

(Unaudited)

The *statement of cash flows* provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U. S. Department of Housing and Urban Development (HUD) and dwelling rentals.

HOUSING AUTHORITY'S SIGNIFICANT PROGRAMS

The Housing Authority has many programs that are consolidated into a single enterprise fund. The Housing Authority's significant programs consist of the following:

Low-Income Public Housing – Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income families. The Conventional Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an Operating Subsidy to enable the Housing Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program – The Conventional Public Housing Program also includes the Capital Fund Program, the primary funding source for the Housing Authority's physical and management improvements. Also included in this program is the Formula Capital Fund Stimulus Grant (ARRA). The formula funding methodology is based on size and age of the Housing Authority's units.

Business Activities – The Business Activities fund accounts for the activity of Riverwood Apartments, a 137-unit multifamily complex acquired by the Housing Authority from HUD in September 1995. This fund also accounts for the development activity of the Housing Authority's non-public affordable housing ventures.

FINANCIAL ANALYSIS

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Housing Authority has only one fund type, namely an enterprise fund which is a proprietary fund type. The Housing Authority maintains several significant funds. The general fund is used to account for the low rent, capital fund, and tenant assistance programs and the blended component units. The Business Activities fund accounts for the activities of Riverwood Apartments, a non-HUD project owned by the Housing Authority and other non-public affordable housing ventures. The fund financial statements can be found on pages 9 through 18 of this report.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 19 through 33 of this report.

Net Assets and Changes in Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by \$10,551,261 at June 30, 2012. By far, the largest portion of the Housing Authority's net assets (60%) reflects its investments in capital assets (e.g., land improvements, buildings, machinery, and equipment). The Housing Authority uses these capital assets to provide housing services to residents. The Housing Authority also has net assets in the amount of \$760,558,

Housing Authority of the City of Bossier City
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2012

(Unaudited)

the use of which has been restricted by HUD for future replacement and development costs. Consequently, these restricted assets are not available for day-to-day operations. The unrestricted net assets of the Housing Authority are available for future use to provide program services. An analysis of net assets and changes in net assets is as follows:

Net Assets June 30, 2012 and 2011		
	2012	2011
Current assets	\$ 2,276,839	\$ 2,815,332
Restricted assets	842,989	836,541
Noncurrent assets		
Capital assets, net	6,377,863	6,896,938
Other noncurrent assets	3,760,962	2,697,776
Total noncurrent assets	<u>10,138,825</u>	<u>9,594,714</u>
Total assets	<u>13,258,653</u>	<u>13,246,587</u>
Current liabilities	1,310,300	609,907
Current liabilities payable from restricted assets	84,475	80,050
Long-term liabilities	<u>1,312,617</u>	<u>1,323,556</u>
Total liabilities	<u>2,707,392</u>	<u>2,013,513</u>
Net assets		
Invested in capital assets, net of related debt	6,377,863	6,896,938
Restricted	760,558	759,942
Unrestricted	3,412,840	3,576,194
Total net assets	<u>\$ 10,551,261</u>	<u>\$ 11,233,074</u>

Housing Authority of the City of Bossier City
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2012

(Unaudited)

Changes in Net Assets
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Revenues			
Operating revenues			
Dwelling rental and other	\$ 1,742,889	\$ 1,698,393	\$ 44,496
Nonoperating revenues			
Interest earnings	103,922	107,589	(3,667)
Developer fee revenue	-	325,807	(325,807)
Gain on disposition of capital assets	4,424	-	4,424
Gain (Loss) on casualty	(43,359)	(7,374)	(35,985)
Federal grants	2,250,239	2,189,558	60,681
Total revenues	<u>4,058,115</u>	<u>4,313,973</u>	<u>(255,858)</u>
Expenses			
Operating expenses			
Administration	997,712	1,049,330	(51,618)
Tenant services	63,994	76,761	(12,767)
Utilities	332,614	330,365	2,249
Ordinary maintenance and repairs	1,228,385	1,081,756	146,629
Protective services	132,153	141,723	(9,570)
General expenses	825,381	729,812	95,569
Housing assistance payments	556,293	378,476	177,817
Depreciation and amortization	869,271	886,074	(16,803)
Total operating expenses	<u>5,005,803</u>	<u>4,674,297</u>	<u>331,506</u>
Nonoperating expenses			
Interest expense	30,423	29,715	708
Developer costs	-	176,950	(176,950)
Loss on disposition of capital assets	-	147,189	(147,189)
Total nonoperating expenses	<u>30,423</u>	<u>353,854</u>	<u>(323,431)</u>
Total expenses	<u>5,036,226</u>	<u>5,028,151</u>	<u>8,075</u>
Net income (loss) before contributions and transfers	(978,111)	(714,178)	(263,933)
Capital Contributions	361,796	1,184,407	(822,611)
Change in net assets	<u>(616,315)</u>	<u>470,229</u>	<u>(1,086,544)</u>
Beginning net assets	11,233,074	10,762,845	470,229
Prior Period Adjustment	(65,498)	-	(65,498)
Beginning net assets, restated	<u>11,167,576</u>	<u>10,762,845</u>	<u>404,731</u>
Ending net assets	<u>\$ 10,551,261</u>	<u>\$ 11,233,074</u>	<u>\$ (681,813)</u>

Housing Authority of the City of Bossier City
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(Unaudited)

Total revenues had a net decrease of \$255,858, due primarily to:

- Decreases in the following classifications –
 - Decrease in Development Service Fees in the amount of \$325,807 due to the completion of the 2011 additional development of its non-federal housing projects; and
 - Increase in the Federal Grants in the amount of \$60,681 due to increases in its operating subsidies.

Total expenses, had a net increase of \$8,075 due primarily to:

- Increases in the following classification –
 - General Expenses in the amount of \$95,569 – due to reclassification of rental fees charged in the current year to the AMP's. In addition, an increase as a result of uncollectable tenant accounts.
 - Maintenance and repairs in the amount of \$146,629 – increases due to the addition of a maintenance person and more repairs needed for air conditioning units and a landscaping project of the facilities.
 - Housing assistance payments increased \$177,817 due to the Housing Authority providing significantly more rental assistance this year than the prior year through the Shelter Plus Care #1 program. This increase in assistance resulted in additional Federal grant revenue.
- Decreases in the following classification –
 - Developer Costs in the amount of \$176,950 decreased due to completion of the VEP IV component unit in the fiscal year ended June 30, 2011;
 - Loss on Disposal of Capital Assets in the amount of \$147,189 was a one-time demolition of 44 Business Activities rental units in the fiscal year ended June 30, 2011. These units were rebuilt in Village of Eagle Points IV, a discretely presented component unit, by using the Low-Income Housing Tax Credit program as the funding source.

Capital Contributions had a net decrease of \$822,611 due primarily to the Housing Authority not receiving American Recovery and Reinvestment Act funding in the current year that was received and expended in the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the Housing Authority's investment in capital assets was \$6,377,863 (net of accumulated depreciation) as reflected in the following schedule. This amount represents a decrease (including additions, deductions, and depreciation) of \$519,075. Depreciation expense for 2012 was \$869,271.

Housing Authority of the City of Bossier City
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For the year ended June 30, 2012

(Unaudited)

Major capital asset purchases during the year ended June 30, 2012, included \$173,000 dwelling structure improvements. The following table presents the capital assets of the Housing Authority for 2012 and 2011:

	2012	2011
Land	\$ 786,511	\$ 786,511
Buildings and improvements	23,552,499	22,111,010
Furniture and equipment	855,822	780,154
Construction in progress	2,552	1,177,288
Totals	25,197,384	24,854,963
Less accumulated depreciation	(18,819,521)	(17,958,025)
	<u>\$ 6,377,863</u>	<u>\$ 6,896,938</u>

Additional information on the Housing Authority's capital assets can be found in the notes to the financial statements.

Debt/Long-Term Obligations

The Housing Authority's debt and long-term obligations at June 30, 2012, consist of \$95,149 of accrued annual leave and \$1,000,000 of interim borrowing for the development of its non-federal housing projects. We present more detail about our debt and long-term obligations in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The Housing Authority is expected to receive approximately \$1,300,000 in Operating Subsidy from HUD for the year ending June 30, 2013. The 2012 Capital Fund Program budget has already been approved by HUD and no major changes are expected. The Capital Fund Program budgets are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties, including administrative fees involved in the modernization.

As of June 30, 2012, the Housing Authority has approximately \$530,067 of approved funding available for future spending under its 2012 Capital Fund Program. The Housing Authority has received approval for funding in the amount of \$598,391 for its 2011 Capital Fund Program and has \$481,207 available for future spending.

Future Events That Will Financially Impact the Housing Authority

The Housing Authority will continue its redevelopment of Riverwood Apartments (included in Business Activities) through the utilization of the Eagle Pointe Development Limited Partnerships [Low Income Housing Tax Credit projects].

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the President/CEO, Housing Authority of the City of Bossier City, 805 East First Street, Bossier City, Louisiana 71171, or call (318) 549 -1556.

Basic Financial Statements

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

STATEMENT A

BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2012

	GENERAL	BUSINESS ACTIVITIES	TOTAL PRIMARY GOVERNMENT	DISCRETELY PRESENTED COMPONENT UNITS	TOTAL
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 599,897	\$ 3,194	\$ 603,091	\$ 657,750	\$ 1,260,841
Investments	86,174	1,897	88,071	-	88,071
Receivables (net of allowances for uncollectibles)	-	-	-	-	-
Internal balances	73,060	5,258	78,318	8,044	86,362
Due from component units	418,322	586,270	1,004,592	-	1,004,592
Due from primary government	-	297,447	297,447	-	297,447
Inventory	-	-	-	-	-
Prepaid expenses	51,479	-	51,479	-	51,479
	124,134	29,707	153,841	63,102	216,943
Total Current Assets	1,353,066	923,773	2,276,839	728,896	3,005,735
Restricted Assets					
Cash and cash equivalents	62,575	22,809	85,384	474,065	559,449
Investments	757,605	-	757,605	-	757,605
Total Restricted Assets	820,180	22,809	842,989	474,065	1,317,054
Noncurrent Assets					
Due from component units	582,627	2,178,335	2,760,962	-	2,760,962
Investment	-	1,000,000	1,000,000	-	1,000,000
Capital assets					
Land	723,011	63,500	786,511	36,500	823,011
Buildings and equipment (net of accumulated depreciation)	4,960,406	628,394	5,588,800	15,626,162	21,214,962
Construction/Development-in-progress	2,552	-	2,552	-	2,552
Other assets	-	-	-	461,350	461,350
Total Noncurrent Assets	6,268,596	3,870,229	10,138,825	16,124,012	26,262,837
TOTAL ASSETS	\$ 8,441,842	\$ 4,816,811	\$ 13,258,653	\$ 17,326,973	\$ 30,585,626

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

STATEMENT A

BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2012

	GENERAL	BUSINESS ACTIVITIES	TOTAL PRIMARY GOVERNMENT	DISCRETELY PRESENTED COMPONENT UNITS	TOTAL
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 88,263	\$ 42,185	\$ 130,448	\$ 26,353	\$ 156,801
Accrued wages and payroll taxes	22,925	9,814	32,739	-	32,739
Contracts payable	-	-	-	405,833	405,833
Internal balances	586,270	418,322	1,004,592	-	1,004,592
Due to primary government	-	-	-	103,942	103,942
Deferred revenues	5,129	3,451	8,580	2,581	11,161
Due to other governments	58,223	-	58,223	-	58,223
Notes payable	-	-	-	293,988	293,988
Accrued compensated absences - current portion	14,543	17,989	32,532	-	32,532
Other current liabilities	200	42,986	43,186	105,881	149,067
Total Current Liabilities	775,553	534,747	1,310,300	938,578	2,248,878
Current liabilities payable from restricted assets - tenant security deposits	62,575	21,900	84,475	42,251	126,726
Noncurrent Liabilities					
Notes payable	-	1,250,000	1,250,000	9,286,264	10,536,264
Due to primary government	-	-	-	2,217,086	2,217,086
Accrued compensated absences - net of current portion	29,063	33,554	62,617	-	62,617
Other noncurrent liabilities	-	-	-	257,393	257,393
Total Noncurrent Liabilities	29,063	1,283,554	1,312,617	11,760,743	13,073,360
Total Liabilities	867,191	1,840,201	2,707,392	12,741,572	15,448,964
NET ASSETS					
Invested in capital assets, net of related debt	5,685,969	691,894	6,377,863	4,795,615	11,173,478
Restricted	757,605	2,953	760,558	428,802	1,189,360
Unrestricted	1,131,077	2,281,763	3,412,840	(639,016)	2,773,824
Total Net Assets	7,574,651	2,976,610	10,551,261	4,585,401	15,136,662
TOTAL LIABILITIES AND NET ASSETS	\$ 8,441,842	\$ 4,816,811	\$ 13,258,653	\$ 17,326,973	\$ 30,585,626

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT B

	<u>GENERAL</u>	<u>BUSINESS ACTIVITIES</u>	<u>TOTAL PRIMARY GOVERNMENT</u>	<u>DISCRETELY PRESENTED COMPONENT UNITS</u>	<u>TOTAL</u>
OPERATING REVENUES					
Dwelling rental	\$ 754,790	\$ 701,247	\$ 1,456,037	\$ 1,142,980	\$ 2,599,017
Other	28,554	258,298	286,852	32,938	319,790
Total Operating Revenues	<u>783,344</u>	<u>959,545</u>	<u>1,742,889</u>	<u>1,175,918</u>	<u>2,918,807</u>
OPERATING EXPENSES					
Administration	524,140	473,572	997,712	290,227	1,287,939
Tenant services	47,314	16,680	63,994	31,871	95,865
Utilities	214,166	118,448	332,614	115,577	448,191
Ordinary maintenance and repairs	905,171	323,214	1,228,385	178,120	1,406,505
Protective services	93,180	38,973	132,153	48,574	180,727
General expenses	681,686	143,695	825,381	201,378	1,026,759
Housing assistance payments	556,293	-	556,293	-	556,293
Depreciation and amortization	818,302	50,969	869,271	448,567	1,317,838
Total Operating Expenses	<u>3,840,252</u>	<u>1,165,551</u>	<u>5,005,803</u>	<u>1,314,314</u>	<u>6,320,117</u>
OPERATING INCOME (LOSS)	<u>(3,056,908)</u>	<u>(206,006)</u>	<u>(3,262,914)</u>	<u>(138,396)</u>	<u>(3,401,310)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	1,320	102,602	103,922	1,424	105,346
Interest expense	-	(30,423)	(30,423)	(435,371)	(465,794)
Gain (Loss) on disposition of capital assets	4,354	70	4,424	395	4,819
Gain (Loss) on casualty	(43,359)	-	(43,359)	-	(43,359)
Federal grants	2,250,239	-	2,250,239	-	2,250,239
Total Nonoperating Revenues (Expenses)	<u>2,212,554</u>	<u>72,249</u>	<u>2,284,803</u>	<u>(433,552)</u>	<u>1,851,251</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT B

	GENERAL	BUSINESS ACTIVITIES	TOTAL PRIMARY GOVERNMENT	DISCRETELY PRESENTED COMPONENT UNITS	TOTAL
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(844,354)	(133,757)	(978,111)	(571,948)	(1,550,059)
Capital contributions	361,796	-	361,796	209,740	571,536
Transfers In (Out)	<u>125,588</u>	<u>(125,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(356,970)	(259,345)	(616,315)	(362,208)	(978,523)
TOTAL NET ASSETS - BEGINNING	7,997,119	3,235,955	11,233,074	4,947,609	16,180,683
PRIOR PERIOD ADJUSTMENT	<u>(65,498)</u>	<u>-</u>	<u>(65,498)</u>	<u>-</u>	<u>(65,498)</u>
TOTAL NET ASSETS - RESTATED BEGINNING	<u>7,931,621</u>	<u>3,235,955</u>	<u>11,167,576</u>	<u>4,947,609</u>	<u>16,115,185</u>
TOTAL NET ASSETS - ENDING	<u>\$ 7,574,651</u>	<u>\$ 2,976,610</u>	<u>\$ 10,551,261</u>	<u>\$ 4,585,401</u>	<u>\$ 15,136,662</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

STATEMENT C

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL	BUSINESS ACTIVITIES	TOTAL PRIMARY GOVERNMENT	TOTAL DISCRETELY PRESENTED COMPONENT UNITS
Cash Flows From Operating Activities				
Dwelling rent receipts	\$ 749,738	\$ 695,475	\$ 1,445,213	\$ 1,142,980
Other receipts	498,417	196,559	694,976	32,938
Payments to suppliers	(2,410,657)	(667,543)	(3,078,200)	(650,783)
Payments to employees	(674,589)	(488,694)	(1,163,283)	(206,068)
Housing assistance payments	(556,293)	-	(556,293)	-
Net Cash Provided (Used) by Operating Activities	(2,393,384)	(264,203)	(2,657,587)	319,067
Cash Flows From NonCapital Financing Activities				
Net advances from (to) other funds	477,161	237,847	715,008	-
Transfers (to) from other funds	69,852	(125,588)	(55,736)	-
Net proceeds/costs due to casualty	(48,005)	-	(48,005)	-
Developer fees and costs paid	-	-	-	(22,965)
Proceeds from debt	-	-	-	4,674,072
Federal and other grants	2,250,238	-	2,250,238	-
Net Cash Provided (Used) by NonCapital Financing Activities	2,749,246	112,259	2,861,505	4,651,107
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	(762,437)	(34,918)	(797,355)	(4,113,765)
Payments on loan fees and tax credit fees	-	-	-	(110,562)
Principal payment on capital debt	-	-	-	(84,099)
Interest paid on capital debt	-	-	-	(378,139)
Payment of advances from related parties	-	-	-	(6,145)
Payment received on related party receivables	-	-	-	33,034
Deposits to reserves	-	-	-	(47,319)
Withdrawals from replacement reserves	-	-	-	36,229
Proceeds from casualty and sale of capital assets	9,376	70	9,446	-
Contributed capital	361,796	-	361,796	209,740
Net Cash Provided (Used) by Capital and Related Financing Activities	(391,265)	(34,848)	(426,113)	(4,461,026)
Cash Flows From Investing Activities				
(Increase) Decrease in investments	(1,150)	8,987	7,837	-
Investments earnings	1,321	72,177	73,498	-
Net Cash Provided (Used) by Investing Activities	171	81,164	81,335	-
Net Increase (Decrease) in Cash and Cash Equivalents	(35,232)	(105,628)	(140,860)	509,148
Cash and Cash Equivalents, Beginning of Year	697,704	131,631	829,335	148,602
Cash and Cash Equivalents, End of Year	\$ 662,472	\$ 26,003	\$ 688,475	\$ 657,750

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

STATEMENT C

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL	BUSINESS ACTIVITIES	TOTAL PRIMARY GOVERNMENT	TOTAL DISCRETELY PRESENTED COMPONENT UNITS
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (3,056,908)	\$ (206,006)	\$ (3,262,914)	\$ (138,396)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense	818,302	50,969	869,271	448,567
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	(7,198)	(4,667)	(11,865)	(3,221)
(Increase) decrease in inventories	(13,335)	-	(13,335)	-
(Increase) decrease in prepaid items	(8,959)	539	(8,420)	(23,907)
(Increase) decrease in tax & insurance escrow	-	-	-	(27,003)
(Increase) decrease in due from component units	-	(61,737)	(61,737)	-
Increase (decrease) in accounts payable	(116,176)	4,756	(111,420)	15,107
Increase (decrease) in other current liabilities	-	(31,828)	(31,828)	48,874
Increase (decrease) in accrued wages and payroll taxes	(8,534)	(3,532)	(12,066)	-
Increase (decrease) in compensated absences	(12,421)	(11,592)	(24,013)	-
Increase (decrease) in deferred revenues	2,246	(1,955)	291	-
Increase (decrease) in due to other governments	6,024	-	6,024	-
Increase (decrease) in tenant security deposits	3,575	850	4,425	(954)
Total Adjustments	663,524	(58,197)	605,327	457,463
Net Cash Provided (Used) by Operating Activities	\$ (2,393,384)	\$ (264,203)	\$ (2,657,587)	\$ 319,067
Cash and Cash Equivalents as Presented in the Balance Sheet:				
Current assets	\$ 599,897	\$ 3,194	\$ 603,091	\$ 657,750
Restricted assets	62,575	22,809	85,384	-
Total	\$ 662,472	\$ 26,003	\$ 688,475	\$ 657,750

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

STATEMENT D

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2011

	EAGLE POINTE DEVELOPMENT I LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT II LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT III LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP	TOTAL DISCRETELY PRESENTED COMPONENT UNITS
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6,074	\$ 32,473	\$ 16,698	\$ 602,505	\$ 657,750
Receivables (net of allowances for uncollectibles)	1,823	1,453	2,627	2,141	8,044
Due from primary government	-	-	-	-	-
Prepaid expenses	12,270	13,088	24,383	13,361	63,102
Total Current Assets	20,167	47,014	43,708	618,007	728,896
Restricted Assets					
Cash and cash equivalents	216,719	94,333	158,513	4,500	474,065
Total Restricted Assets	216,719	94,333	158,513	4,500	474,065
Noncurrent Assets					
Capital assets					
Land	10,000	10,500	16,000	-	36,500
Buildings and equipment (net of accumulated depreciation)	2,707,331	3,731,054	4,164,386	5,023,391	15,626,162
Other assets	160,407	110,166	62,161	128,616	461,350
Total Non-Current Assets	2,877,738	3,851,720	4,242,547	5,152,007	16,124,012
TOTAL ASSETS	\$ 3,114,624	\$ 3,993,067	\$ 4,444,768	\$ 5,774,514	\$ 17,326,973

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

STATEMENT D

**COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2011**

	EAGLE POINTE DEVELOPMENT I LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT II LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT III LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP	TOTAL DISCRETELY PRESENTED COMPONENT UNITS
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 5,976	\$ 6,486	\$ 6,879	\$ 7,012	\$ 26,353
Contracts payable	-	-	-	405,833	405,833
Due to primary government	6,735	12,247	84,960	-	103,942
Deferred revenues	980	495	1,083	23	2,581
Notes payable	14,329	19,141	32,247	228,271	293,988
Other current liabilities	7,441	17,634	41,928	38,878	105,881
Total Current Liabilities	35,461	56,003	167,097	680,017	938,578
Current Liabilities Payable from restricted assets - tenant security deposits	10,750	12,000	15,001	4,500	42,251
Non Current Liabilities					
Notes payable	1,155,647	1,375,527	2,559,289	4,195,801	9,286,264
Due to primary government	338,447	259,036	800,938	818,665	2,217,086
Other noncurrent liabilities	139,048	-	108,345	10,000	257,393
Total Non-Current Liabilities	1,633,142	1,634,563	3,468,572	5,024,466	11,760,743
Total Liabilities	1,679,353	1,702,566	3,650,670	5,708,983	12,741,572
NET ASSETS					
Invested in capital assets, net of related debt	1,372,355	2,094,338	1,385,436	(56,514)	4,795,615
Restricted	206,197	79,781	142,824	-	428,802
Unrestricted	(143,281)	116,382	(734,162)	122,045	(639,016)
Total Net Assets	1,435,271	2,290,501	794,098	65,531	4,585,401
TOTAL LIABILITIES AND NET ASSETS	\$ 3,114,624	\$ 3,993,067	\$ 4,444,768	\$ 5,774,514	\$ 17,326,973

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

STATEMENT E

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	EAGLE POINTE DEVELOPMENT I LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT II LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT III LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP	TOTAL DISCRETELY PRESENTED COMPONENT UNITS
OPERATING REVENUES					
Dwelling rental	\$ 297,698	\$ 361,263	\$ 444,964	\$ 39,055	\$ 1,142,980
Other	6,782	6,975	19,031	150	32,938
Total Operating Revenues	304,480	368,238	463,995	39,205	1,175,918
OPERATING EXPENSES					
Administration	81,169	93,569	93,483	22,006	290,227
Tenant services	7,906	10,754	10,741	2,470	31,871
Utilities	27,056	28,312	51,310	8,899	115,577
Ordinary maintenance and repairs	49,690	40,640	55,722	32,068	178,120
Protective services	12,372	13,977	17,267	4,958	48,574
General expenses	51,050	59,310	67,059	23,959	201,378
Depreciation and amortization	101,871	139,266	139,788	67,642	448,567
Total Operating Expenses	331,114	385,828	435,370	162,002	1,314,314
OPERATING INCOME (LOSS)	(26,634)	(17,590)	28,625	(122,797)	(138,396)
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	-	91	-	1,333	1,424
Interest expense	(88,247)	(108,781)	(215,598)	(22,745)	(435,371)
Gain (Loss) on disposition of capital assets	395	-	-	-	395
Total Nonoperating Revenues (Expenses)	(87,852)	(108,690)	(215,598)	(21,412)	(433,552)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(114,486)	(126,280)	(186,973)	(144,209)	(571,948)
Capital contributions	-	-	-	209,740	209,740
CHANGE IN NET ASSETS	(114,486)	(126,280)	(186,973)	65,531	(362,208)
TOTAL NET ASSETS - BEGINNING	1,549,757	2,416,781	981,071	-	4,947,609
TOTAL NET ASSETS - ENDING	\$ 1,435,271	\$ 2,290,501	\$ 794,098	\$ 65,531	\$ 4,585,401

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

STATEMENT F

STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2011

	EAGLE POINTE DEVELOPMENT I LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT II LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT III LIMITED PARTNERSHIP	EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP	TOTAL DISCRETELY PRESENTED COMPONENT UNITS
Cash Flows From Operating Activities					
Dwelling rent receipts	\$ 297,698	\$ 361,263	\$ 444,964	\$ 39,055	\$ 1,142,980
Other receipts	6,782	6,975	19,031	150	32,938
Payments to suppliers	(177,925)	(199,473)	(223,409)	(49,976)	(650,783)
Payments to employees	(50,942)	(55,573)	(57,668)	(41,885)	(206,068)
Net Cash Provided (Used) by Operating Activities	75,613	113,192	182,918	(52,656)	319,067
Cash Flows From NonCapital Financing Activities					
Developer fees and costs paid	(16,965)	-	(6,000)	-	(22,965)
Proceeds from debt	-	-	-	4,674,072	4,674,072
Net Cash Provided (Used) by NonCapital Financing Activities	(16,965)	-	(6,000)	4,674,072	4,651,107
Cash Flows From Capital and Related Financing Activities					
Payments on loan fees and tax credit fees	-	-	-	(110,562)	(110,562)
Acquisition and construction of capital assets	-	-	-	(4,113,765)	(4,113,765)
Principal payment on capital debt	(12,099)	(28,521)	(43,479)	-	(84,099)
Interest paid on capital debt	(57,755)	(149,891)	(166,169)	(4,324)	(378,139)
Contributions from Partners	-	-	-	209,740	209,740
Payment received on related party receivables	-	21,600	11,434	-	33,034
Payment of advances from related parties	-	(6,145)	-	-	(6,145)
Net Cash Provided (Used) by Capital and Related Financing Activities	(69,854)	(162,957)	(198,214)	(4,018,911)	(4,449,936)
Cash Flows From Investing Activities					
Deposits to reserves	(13,004)	(15,075)	(19,240)	-	(47,319)
Withdrawals from replacement reserves	-	-	36,229	-	36,229
Net Cash Provided (Used) by Investing Activities	(13,004)	(15,075)	16,989	-	(11,090)
Net Increase (Decrease) in Cash and Cash Equivalents	(24,210)	(64,840)	(4,307)	602,505	509,148
Cash and Cash Equivalents, Beginning of Year	30,284	97,313	21,005	-	148,602
Cash and Cash Equivalents, End of Year	\$ 6,074	\$ 32,473	\$ 16,698	\$ 602,505	\$ 657,750
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (26,634)	\$ (17,590)	\$ 28,625	\$ (122,797)	\$ (138,396)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization expense	101,871	139,266	139,788	67,642	448,567
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable, net	(261)	(220)	(599)	(2,141)	(3,221)
(Increase) decrease in prepaid items	(931)	(718)	(8,920)	(13,338)	(23,907)
(Increase) decrease in tax & insurance escrow	(2,519)	(19,604)	(4,880)	-	(27,003)
Increase (decrease) in accounts payable	2,999	3,373	1,725	7,010	15,107
Increase (decrease) in other current liabilities	644	9,023	28,239	10,968	48,874
Increase (decrease) in tenant security deposits	444	(338)	(1,060)	-	(954)
Net Cash Provided (Used) by Operating Activities	\$ 75,613	\$ 113,192	\$ 182,918	\$ (52,656)	\$ 319,067

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Housing Authority of the City of Bossier City, Louisiana (the "Housing Authority") was chartered as a public corporation for the purpose of providing safe and sanitary housing, as authorized by Louisiana Revised Statute 40:391. The Housing Authority is governed by a five-member board of commissioners, who are appointed by the Honorable Mayor of the City of Bossier City, Louisiana (the "City"). The members of the board of commissioners serve staggered five-year terms without benefit of compensation.

The Housing Authority has the following units:

	<u>Number of Units</u>
PHA Owned Housing	437
Non HUD Programs: Riverwood	137

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority of the City of Bossier City, Louisiana is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As defined by GASB Statement No. 14, fiscally independent means that the Housing Authority may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the City of Bossier City, Louisiana since the City appoints a voting majority of the Housing Authority's governing board. The City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Bossier City, Louisiana. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Bossier City, Louisiana.

GASB Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
2. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2012

Based on the previous criteria, the Housing Authority has determined that the following component units should be considered as part of the Housing Authority reporting unit:

Bossier Housing Corporation, Inc.
Bossier Affordable Housing, LLC
Bossier Yard Builders, LLC
Eagle Pointe Development I Limited Partnership ("Eagle Pointe I")
Eagle Pointe Development II Limited Partnership ("Eagle Pointe II")
Eagle Pointe Development III Limited Partnership ("Eagle Pointe III")
Eagle Pointe Development IV Limited Partnership ("Eagle Pointe IV")
Eagle Pointe Development V Limited Partnership ("Eagle Pointe V")
Eagle Pointe Development VI Limited Partnership ("Eagle Pointe VI")
Eagle Pointe Development VII Limited Partnership ("Eagle Pointe VII")
Eagle Pointe Development VIII Limited Partnership ("Eagle Pointe VIII")

These entities are legally separate entities. The Managing General Partner of each partnership and the Managing Member of each limited liability company is Bossier Housing Corporation, Inc., a not-for-profit corporation. The Board of Directors of Bossier Housing Corporation, Inc. consists entirely of the Board of Commissioners of the Housing Authority, which provides the Housing Authority with a voting majority of the governing bodies of each of the Eagle Pointe partnerships and limited liability companies. In addition, there is the potential for each of the Eagle Pointe partnerships to impose a financial burden on the Housing Authority. Based on the above, Bossier Housing Corporation, Inc., Bossier Affordable Housing, LLC, Bossier Yard Builders, LLC, and each of the Eagle Pointe partnerships are considered to be component units of the Housing Authority.

The governing body of the Housing Authority is considered to have complete control over Bossier Housing Corporation, Inc., Bossier Affordable Housing, LLC, Bossier Yard Builders, LLC and Eagle Pointe V, VI, VII, and VIII but not complete control over Eagle Pointe I, II, III, and IV. As a result, Bossier Housing Corporation, Inc., Bossier Affordable Housing, LLC, Bossier Yard Builders, LLC and Eagle Pointe V, VI, VII, and VIII are included in the Housing Authority's financial statements as blended entities, and Eagle Pointe I, II, III, and IV are included in the Housing Authority's financial statements through discrete presentation. The financial position and changes in net assets of Eagle Pointe I, Eagle Pointe II, Eagle Pointe III, and Eagle Pointe IV are presented as of and for the year ended December 31, 2011.

The separate financial statements of Eagle Pointe Development I Limited Partnership, Eagle Pointe Development II Limited Partnership, and Eagle Pointe Development III Limited Partnership can be obtained from the Housing Authority of the City of Bossier City, 805 East First Street, Bossier City, LA 71171. Bossier Housing Corporation, Bossier Affordable Housing, LLC, Bossier Yard Builders, LLC, Eagle Pointe Development IV Limited Partnership, Eagle Pointe Development V Limited Partnership, Eagle Pointe Development VI Limited Partnership, Eagle Pointe Development VII Limited Partnership, and Eagle Pointe Development VIII Limited Partnership do not issue separate financial statements.

B. BASIS OF PRESENTATION AND FUNDS

The accounts of the Housing Authority are organized and operated on a fund basis whereby a self-balancing set of accounts, which comprise the Housing Authority's assets, liabilities, net assets, revenues, and expenses, is maintained. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2012

administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity is an important financial indicator. The general fund accounts for the transactions of the public housing low rent program, capital funds program, tenant assistance program, central office cost center, and the blended component units. The other fund reported by the Housing Authority is Business Activities, which is comprised of Riverwood Apartments, a market rate multi-family complex acquired by the Housing Authority from the United States Department of Housing and Urban Development in September 1995, and the Housing Authority's non-public affordable housing ventures.

The Housing Authority's operating revenues include dwelling rentals, charges, and other revenues paid by the tenants of the Housing Authority's projects. Revenues that are not classified as operating revenues, including federal program revenues, are presented as nonoperating revenues or capital contributions depending on the purpose of the revenue.

The accompanying basic financial statements of the Housing Authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments* (the "Statement").

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary funds are accounted for on the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. With this measurement focus, all assets and all liabilities of the proprietary funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGET PRACTICES

The Housing Authority adopted budgets for all funds. Budgets for the Capital Funds Programs are multiple-year budgets.

Budgets are approved by the Board of Commissioners and, in certain instances, by HUD. Such budgets are controlled by fund at the function level. Budgetary amendments require approval of the Board of Commissioners and, in certain instances, HUD; however, the President/CEO is authorized to transfer amounts between line items within the low rent program provided such transfer does not change the total of any function. Monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budgetary integration is employed as a management control device during the year.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2012

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits and other financial instruments having an original maturity of ninety days or less, and cash with the fiscal agent.

F. INVESTMENTS

Investments are limited by LSA-RS 33:2955 and the Housing Authority's investment policy. Financial instruments having original maturities exceeding ninety days are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents. Investments are reported at either fair value or amortized cost.

G. BAD DEBTS

Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

H. INTERNAL BALANCES

During the course of operations, numerous transactions occur between individual funds and programs for services rendered or for reimbursement of costs paid by one fund or program on behalf of another fund or program. Generally, these receivables and payables are eliminated at the primary government level in the balance sheet.

I. INVENTORY

All inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year-end, the amount of inventory is recorded for external financial reporting purposes.

J. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

K. TENANTS' REFUNDABLE SECURITY DEPOSITS

The Housing Authority requires tenants to place a deposit before moving into a unit. These deposits are considered restricted and are held until the tenant moves out.

L. CAPITAL ASSETS

Capital assets of the Housing Authority are included on the balance sheet of the enterprise fund and are recorded at actual cost. The capitalization threshold is \$1,000. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives as shown:

Buildings	40 years
Building and site improvements	15 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
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M. VACATION AND SICK LEAVE

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual leave, compensatory time, and sick leave. Employees may accumulate up to three hundred hours of annual leave and three hundred sixty hours of compensatory time which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by the employee's retirement or termination date.

N. RESTRICTED NET ASSETS

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

O. RISK MANAGEMENT

The Housing Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Housing Authority maintains commercial insurance policies covering property, employee liability, and public official's liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2012.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Under state law, the Housing authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Housing Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Deposits are stated at cost, which approximates fair value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At June 30, 2012, the Housing Authority's carrying amount of deposits was \$1,688,475 which includes the following:

Cash and cash equivalents - unrestricted	\$ 603,091
Cash and cash equivalents - restricted	85,384
Investments in certificate of deposit	<u>1,000,000</u>
Total	<u><u>\$ 1,688,475</u></u>

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Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2012, the Housing Authority's bank (deposit) balance totaled \$1,937,108, none of which is exposed to custodial credit risk.

At June 30, 2012, the Housing Authority held investments of \$845,676 in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana for the purpose of operating a local government investment pool. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. Also, LAMP's investment guidelines permit the investment in government-only money market funds and limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP is subject to the regulatory oversight of the State Treasurer and its board of directors. LAMP is not registered with the SEC as an investment company.

The carrying amount of the deposits for Eagle Pointe Development I Limited Partnership, Eagle Pointe Development II Limited Partnership, Eagle Pointe Development III Limited Partnership and Eagle Pointe Development IV Limited Partnership, the Housing Authority's discretely presented component units, were \$222,793; \$126,806; \$175,211 and \$607,005, respectively. At December 31, 2011, each entity's deposits were fully insured except \$206,776 in Eagle Point Development IV Limited Partnership.

3. RESTRICTED ASSETS

Restricted assets at June 30, 2012, are as follows:

General:	
Investments - tenants' deposits	\$ 62,575
Investments - replacement reserve	757,605
Riverwood:	
Cash and cash equivalents - tenants' deposits	<u>22,809</u>
Total restricted assets	<u><u>\$ 842,989</u></u>

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Restricted assets at December 31, 2011, for the discretely presented component units are as follows:

Tenant security deposits	\$ 45,377
Operating reserves	190,937
Real estate tax and insurance escrow	30,433
Replacement reserves	207,318
	<u>\$ 474,065</u>

4. RECEIVABLES

The following is a summary of receivables, net of allowance for doubtful accounts, at June 30, 2012:

	General	Business Activities	Total
Tenants - rents and other charges	\$ 14,191	\$ 15,199	\$ 29,390
Other	-	-	-
Federal grant programs	61,318	-	61,318
Subtotal	75,509	15,199	90,708
Less allowance for doubtful accounts	(2,449)	(9,941)	(12,390)
Total	<u>\$ 73,060</u>	<u>\$ 5,258</u>	<u>\$ 78,318</u>

Eagle Pointe Development I Limited Partnership, Eagle Pointe Development II Limited Partnership, Eagle Pointe Development III Limited Partnership and Eagle Pointe Development IV Limited Partnership accounts receivable consisted of tenant rents and other charges totaling \$1,823, \$1,453, \$2,627 and \$2,141, respectively.

5. CAPITAL ASSETS

The following presents the changes in capital assets:

Primary Government

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Land	\$ 786,511	\$ -	\$ -	\$ 786,511
Depreciable assets				
Buildings and improvements	22,111,010	1,462,275	(20,786)	23,552,499
Furniture and equipment	780,154	83,717	(8,049)	855,822
Construction in progress	1,177,288	-	(1,174,736)	2,552
Total	24,854,963	1,545,992	(1,203,571)	25,197,384
Less accumulated depreciation				
Buildings and improvements	17,296,265	749,878	-	18,046,143
Furniture and equipment	661,760	119,393	(7,775)	773,378
Total	17,958,025	869,271	(7,775)	18,819,521
Net depreciable assets	<u>\$ 6,896,938</u>	<u>\$ 676,721</u>	<u>\$ (1,195,796)</u>	<u>\$ 6,377,863</u>

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Discretely Presented Component Units

	Beginning Balances	Additions	Deletions	Ending Balances
Depreciable assets				
Land	\$ 36,500	\$ -	\$ -	\$ 36,500
Buildings and improvements	12,272,246	4,830,644	-	17,102,890
Furniture and equipment	469,962	257,619	-	727,581
Construction in progress	1,881,077	2,949,567	(4,830,644)	-
Total	<u>14,659,785</u>	<u>8,037,830</u>	<u>(4,830,644)</u>	<u>17,866,971</u>
Less accumulated depreciation:	1,773,199	431,110	-	2,204,309
Net depreciable assets	<u>\$ 12,886,586</u>	<u>\$ 7,606,720</u>	<u>\$ (4,830,644)</u>	<u>\$ 15,662,662</u>

6. ACCOUNTS PAYABLE

Accounts payable at June 30, 2012, consisted of trade payables in the amount of \$130,448 for the Housing Authority. Accounts payable at December 31, 2011, consisted of trade payables in the amount of \$26,353 for the discretely presented component units.

7. RETIREMENT SYSTEM

The employees of the Housing Authority of the City of Bossier City participate in the Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular, full-time employees are eligible to participate in the plan on the first day of the month following completion of six months of continuous uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 6.0% of his basic compensation. The Housing Authority makes a monthly contribution equal to 8.5% of each participant's basic compensation. Employees are considered fully vested in the plan after five years of continuous participation. Forfeitures of Housing Authority's contributions and interest earnings by employees who leave before being fully vested are used to offset future contributions by the Housing Authority.

At June 30, 2012, 2011, and 2010, the Housing Authority's contributions to the plan totaled \$75,074, \$70,372, and \$67,873, respectively.

8. COMPENSATED ABSENCES

At June 30, 2012, employees of the Housing Authority had accumulated and vested \$95,149 of employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities within the fund from which payment will be made. The cost of leave privileges expecting to require current resources is considered a current obligation, while the cost of leave privileges not requiring current resources is considered a long-term obligation.

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9. NOTES PAYABLE

Housing Authority

Note Payable – Christus Health

On October 15, 2010, the Housing Authority entered into a loan agreement with Christus Health in the amount of \$1,000,000. The loan serves as a "bridge loan", the proceeds of which are to be used in the development of Eagle Pointe Development IV Limited Partnership. The loan bears interest at a rate of 3.0%. At June 30, 2012, two certificates of deposit totaling \$1,000,000 provided collateral for the loan. The loan matures on October 15, 2013, at which time all unpaid principal and interest shall be due and payable. The principal balance due at June 30, 2012, totaled \$1,000,000.

Note Payable – Chase Bank USA, NA

On April 13, 2011, the Housing Authority entered into a loan agreement with Chase Bank USA, NA in the amount of \$250,000. The loan serves as a permanent source of funding the development of Eagle Pointe Development IV Limited Partnership. The loan is noninterest bearing and is collateralized by a mortgage on the property of Eagle Pointe Development IV Limited Partnership. The loan matures at the end of the Retention Period (the period commencing on the date of completion of the project as determined by the Federal Home Loan Bank ("FHLB") and ending fifteen years after the same date) or April 13, 2026, at which time all unpaid principal shall be due and payable. The principal balance due at June 30, 2012, totaled \$250,000.

Component Units

Eagle Pointe Development I Limited Partnership

First Mortgage

Construction financing was acquired through Home Federal Bank (formerly Home Federal Savings and Loan Association of Shreveport) at an annual interest rate of 7.375%. The construction loan matured on July 1, 2004. At such time Home Federal Bank loaned \$842,818 to Eagle Pointe I for the purpose of paying the balance due on the construction loan. Under the terms of the loan, Eagle Pointe I will make monthly principal and interest payments of \$5,821 (7.375% per annum) until December 31, 2023, at which time the note matures and all unpaid balances on the note are due and payable. The balance due as of December 31, 2011, was \$770,060.

The Home Federal Bank loan is nonrecourse debt and is collateralized primarily by a first mortgage on Eagle Pointe I's land and buildings and an assignment of all rents and leases of Eagle Pointe I.

Second Mortgage

The Louisiana Housing Finance Agency (LHFA) committed loan proceeds of \$510,000 to Eagle Pointe I, of which the partnership received \$399,916. The loan bears interest at a rate of 5.34%, which accrues on the outstanding principal. Amortization of the note and payment of accrued interest will not begin until the earlier of, the first mortgage with Home Federal Bank is paid in full or April 1, 2023, (commencement of amortization) at which time, the note will be payable in monthly principal and interest installments. In addition to the monthly installment, the accrued interest from inception of the note through commencement of amortization will be payable in equal monthly installments through August 15, 2019, which is the date all unpaid sums under the note are due and payable. The loan also details that payments shall be made only out of and to the extent of the cash flow of Eagle Pointe I after payment of all operating expenses approved by the LHFA. As a condition to obtaining this financing, Eagle Pointe I has entered into a regulatory agreement with LHFA. Rentals to tenants of low income and restrictions of rents charged are two major conditions of the regulatory agreement. Should the LHFA issue a written notice to Eagle

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Pointe I of an instance of noncompliance with the regulatory agreement, Eagle Pointe I has thirty days from the issuance of such notice to correct the noncompliance. Should the noncompliance not be corrected within the thirty days, LHFA has the authority to declare the entire amount of mortgage immediately due and payable.

Third Mortgage

Eagle Pointe Development I Limited Partnership entered into a loan agreement with the Housing Authority of the City of Bossier City on November 5, 2003, in the amount of \$175,000. The loan bears interest at a rate of 5.00%, which accrues on the outstanding principal. Amortization of the note and payment of accrued interest shall be made only after payment of all of Eagle Pointe I's operating expenses, the funding of adequate reserves, and the payment of any payments due or outstanding under any Construction or Permanent Financing from an institutional lender and as set forth in Eagle Pointe I's Limited Partnership Agreement. The entire balance of principal and all accrued and unpaid interest shall be due and payable on December 31, 2043. The note payable is reported in the balance sheet in noncurrent liabilities in due to primary government.

Maturities of Long-Term Debt

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2012	\$ 14,329
2013	14,606
2014	15,720
2015	16,919
2016	18,210
Thereafter	1,265,192
	<u>\$ 1,344,976</u>

Eagle Pointe Development II Limited Partnership

First Mortgage

Construction financing for the development of the project was acquired through JP Morgan Chase Bank, N. A. of Houston Texas in the principal sum of up to \$1,500,000. Interest on the construction loan will be computed using the adjusted LIBOR Rate which shall mean a per annum rate equal to this rate plus 2.50%. During February 2008, the Partnership paid off the construction loan using the second installment of equity received from the Investor Limited Partner as well as permanent financing obtained through Home Federal Bank in the amount of \$1,455,000. Under the terms of the loan, the Partnership will make monthly principal and interest payments of \$9,680 (7.0% per annum) until February 1, 2026, at which time the note matures and all unpaid balances on the note are due and payable. The balance due as of December 31, 2011, was \$1,394,668.

The Home Federal Bank loan is non-recourse debt and is collateralized primarily by a first mortgage on the Partnership's land and buildings and an assignment of all rents and leases of the Partnership.

Second Mortgage

Eagle Pointe Development II Limited Partnership entered into a loan agreement with the Housing Authority of the City of Bossier City on January 10, 2007, in the amount of \$264,000. The loan bears interest at the Applicable Federal Rate, which accrues on the outstanding principal. Amortization of the note and payment of accrued interest shall be made only after payment of all of Eagle Pointe II's operating expenses, the funding of adequate reserves, and the payment of any payments due or outstanding under any construction or permanent financing from an

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institutional lender and as set forth in Eagle Pointe II's Limited Partnership Agreement. The entire balance of principal and all accrued and unpaid interest shall be due and payable on December 31, 2046. As of December 31, 2011, the outstanding principal balance on the loan was \$252,548.

Maturities of Long-Term Debt

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2012	\$ 19,141
2013	20,525
2014	22,009
2015	23,600
2016	25,306
Thereafter	1,536,635
	<u>\$ 1,647,216</u>

Eagle Pointe Development III Limited Partnership

First Mortgage

Construction financing for the development of the project was acquired through JP Morgan Chase Bank, N. A. of Houston Texas in the principal sum of up to \$3,118,643. Interest on the construction loan will be computed using the adjusted LIBOR Rate which shall mean a per annum rate equal to this rate plus 2.50%. During February 2006, the construction loan had an outstanding balance of \$3,044,442. At such time Eagle Pointe III paid off the construction loan using the second installment of equity received from the Investor Limited Partner as well as permanent financing obtained through Home Federal Bank in the amount of \$2,312,083. Under the terms of the loan, Eagle Pointe III will make monthly principal and interest payments of \$16,166 (7.50% per annum) until March 31, 2036, at which time the note matures and all unpaid balances on the note are due and payable. The balance due as of December 31, 2011, was \$2,171,251.

The Home Federal Bank loan is non-recourse debt and is collateralized primarily by a first mortgage on Eagle Pointe III's land and buildings and an assignment of all rents and leases of Eagle Pointe III.

Second Mortgage

The Louisiana Housing Finance Agency (LHFA) has committed loan proceeds of \$422,785 to Eagle Pointe III. Of this amount, Eagle Pointe III has received \$420,285. The loan bears interest at a rate of 4.68%, which accrues on the outstanding principal. Amortization of the note and payment of accrued interest will not begin until the earlier of, the first mortgage with Home Federal Bank is paid in full or April 1, 2036, (commencement of amortization) at which time, the note will be payable in monthly principal and interest installments. In addition to the monthly installment, the accrued interest from inception of the note through commencement of amortization will be payable in equal monthly installments through April 1, 2036, which is the date all unpaid sums under the note are due and payable. The loan also details that payments shall be made only out of and to the extent of the cash flow of Eagle Pointe III after payment of all operating expenses approved by the LHFA. As a condition to obtaining this financing, the partnership has entered into a regulatory agreement with LHFA. Rentals to tenants of low income and restrictions of rents charged are two major conditions of the regulatory agreement. Should the LHFA issue a written notice to the partnership of an instance of noncompliance with the regulatory agreement, Eagle Pointe III has thirty days from the issuance of such notice to correct the noncompliance. Should the noncompliance not be corrected within the thirty days, LHFA has the authority to declare the entire amount of mortgage immediately due and payable. The balance due as of December 31, 2011, was \$420,285.

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Third Mortgage

Eagle Pointe Development III Limited Partnership entered into a loan agreement with the Housing Authority of the City of Bossier City on December 17, 2004, in the amount of \$190,000. The loan bears interest at a rate of 5.00%, which accrues on the outstanding principal. Amortization of the note and payment of accrued interest shall be made only after payment of all Borrowers' operating expenses and the funding of adequate reserves, and the payment of any payments due or outstanding under any construction or permanent financing from an institutional lender and as set forth in the Partnership Agreement. The entire balance of principal and all accrued and unpaid interest shall be due and payable on December 31, 2044. The balance due as of December 31, 2011, was \$190,000.

Fourth Mortgage

Eagle Pointe Development III Limited Partnership entered into a loan agreement with the Housing Authority of the City of Bossier City on December 17, 2004, in the amount of \$412,785. The loan will bear interest at the Applicable Federal Rate which accrues on the outstanding principal. Amortization of the note and payment of accrued interest shall be made only after payment of all Borrowers' operating expenses and the funding of adequate reserves, and the payment of any payments due or outstanding under any construction or permanent financing from an institutional lender and as set forth in the Partnership Agreement. The entire balance of principal and all accrued and unpaid interest shall be due and payable on December 31, 2044. During April 2006, the partnership received the entire amount of these funds. The balance due as of December 31, 2011, was \$13,414 and the amount of accrued interest payable was \$31 as of December 31, 2011.

Maturities of Long-Term Debt

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2012	\$ 32,247
2013	34,750
2014	37,448
2015	40,355
2016	43,488
Thereafter	2,606,662
	<u>\$ 2,794,950</u>

Eagle Pointe Development IV Limited Partnership

Construction Loan

Interim construction financing for the rehabilitation of the apartment complex was provided by JP Morgan Chase Bank N. A. in an amount not to exceed \$1,200,000. This loan is secured by the property and bears interest at a rate per annum equal to the adjusted one month LIBOR, with payments of interest only required until loan maturity. This loan was paid off in September 2011.

Note Payable - 1602 Loan

The Partnership obtained an interest-free U.S. Treasury 1602 Exchange Program Loan (the "1602 Loan") for an amount not to exceed \$3,424,072 issued through the Louisiana Housing Finance Agency for the rehabilitation of the project. At the end of each year during the Compliance Period and so long as no Recapture Event has occurred, the principal amount of this 1602 Loan shall be reduced by 1/15th of the unpaid principal balance as of the first day of the Compliance Period. At December 31, 2011, the balance of this loan was \$3,424,072.

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Note Payable - HABC (AHP Loan)

The partnership has a note with the Housing Authority of the City of Bossier City in the principal amount of \$250,000 bearing interest at a rate equal to 4.5% per annum. Interest on the AHP loan shall begin accruing on the date of the first disbursement of funds and compounded semi-annually on the last day of June and December each year. Interest and principal shall be deferred and shall be due and payable as the income and cash flow permits, as set forth in the Second Amended and Restated Limited Partnership Agreement. The entire balance of principal and all accrued and unpaid interest shall be due and payable on April 13, 2027. At December 31, 2011, the balance of this loan was \$250,000 and accrued interest was \$8,322.

Note Payable - Christus Health Funds

The partnership received Christus Health Funds in the amount of \$1,000,000 issued to Bossier Housing Corporation, Inc. and the Housing Authority of the City of Bossier City. The loan is payable over a three-year term with interest of 3.00%. Interest payments, on the unpaid principal balance is due and payable quarterly on the first day January, April, July, and October of each calendar year.

Any and all remaining unpaid principal balance, as well as all accrued interest shall be due and payable in full on October 15, 2013. At December 31, 2011, the balance of this loan was \$1,000,000 and accrued interest was \$27,945.

Permanent Loan

Permanent financing will be provided by Home Federal Bank in the principal amount not to exceed \$1,491,208 and bearing interest, at a fixed rate equal to the 15 year Community Investment Program (CIP) advance rate available from the Federal Home Loan Bank of Dallas at time of term closing. The loan will have a term of seventeen years and an amortization period of thirty years. The nonrecourse note will be collateralized by land and improvements with assignments and/or first security interest per loan documents.

Maturities of Long-Term Debt

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	\$ 228,271
2013	228,271
2014	228,271
2015	228,271
2016	228,271
Thereafter	2,532,715
	<u>\$ 3,674,070</u>

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10. LONG-TERM OBLIGATIONS

Long-term obligations of the Housing Authority (primary government) totaling \$95,149 at June 30, 2012, consist of accrued compensated absences. The following is a summary of the change in long-term obligations for the year ended June 30, 2012:

Balance at July 1, 2011	\$ 118,869
Additions	99,957
Retirements	<u>(123,677)</u>
Balance at June 30, 2012	95,149
Less current portion of long-term obligations	<u>(32,532)</u>
Long-term obligations	<u>\$ 62,617</u>

11. DUE FROM COMPONENT UNITS/ DUE TO PRIMARY GOVERNMENT

The Eagle Pointe Partnerships were organized by the Housing Authority for the purpose of acquiring and rehabilitating Riverwood Apartments in accordance with the Low-Income Housing Tax Credit program. The funds advanced to the Eagle Pointe Partnerships were derived from non-federal sources and were utilized for the payment of construction and development costs and reimbursable operating costs incurred by the Eagle Pointe Partnerships. The Due from Component Units/Due to Primary Government balances reported in the Balance Sheet include the notes payable due to the Housing Authority by the Eagle Pointes.

The Housing Authority is the managing agent for Eagle Pointe I, II, and III. The Housing Authority receives Management Fees at a rate of 5.00% of the total monthly income of Eagle Pointe I and III and at a rate of 6.00% of the total monthly income of Eagle Pointe II. For the year ended June 30, 2012, Management Fee income earned from Eagle Pointe I, II, and III totaled \$68,661. Accrued Management Fees Receivable at June 30, 2012, totaled \$37,858 for the Eagle Pointe Partnerships. The Housing Authority also earns Subordinate Management Fees from Eagle Pointes I, II, and III. For the year ended June 30, 2012, Subordinate Management Fee income earned from Eagle Pointes I, II, and III totaled \$45,541. Accrued Management Fees Receivable at June 30, 2012, totaled \$23,949 for the Eagle Pointes.

During the year ended June 30, 2012, the Housing Authority earned no developer fees from the Eagle Pointe Developments. At June 30, 2012, Eagle Point I owed the Housing Authority \$91,584 in developer fees.

The difference in the amounts of the due from component units and the due to primary government, as reflected in the balance sheet, is attributable to reporting the financial position, changes in net assets, and cash flows of Eagle Pointe I, Eagle Pointe II, Eagle Pointe III and Eagle Pointe IV as of and for the year ended December 31, 2011.

12. CENTRAL OFFICE COST CENTER DEFICIT FUND BALANCE

As noted in Note 1 above, the Central Office Cost Center ("COCC") fund is included in the General Fund. At June 30, 2012, the COCC had a deficit fund balance of \$47,484. The Housing Authority plans to fund this deficit as follows:

- Transfers from the Housing Authority's Business Activities Fund (the Business Activities Fund's revenues are derived strictly from non-federal sources);
- Review of the COCC's expenses to ascertain that fees related to other programs are being properly charged and reimbursed to the COCC;
- Charging the Capital Fund Programs a HUD-allowed management fee;

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- Expected increases in the management fee per unit rates charged to the AMPs by the COCC; and
- Consideration of a "fee for service" arrangement between the COCC and AMPs for maintenance services.

13. COMMITMENTS AND CONTINGENCIES

The Housing Authority operates in accordance with the requirements of two Annual Contribution Contracts. The Housing Authority's noncompliance with such contracts may result in a reduction of funding from HUD.

The Housing Authority participates in a number of federal grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

The Housing Authority has entered into a Guaranty of Obligations of Entity General Partners (the "Guaranty") with respect to Eagle Pointe Development I Limited Partnership, Eagle Pointe Development II Limited Partnership, Eagle Pointe Development III Limited Partnership and Eagle Pointe Development IV Limited Partnership. Under the terms of each Guaranty, the Housing Authority unconditionally guarantees the due payment, performance, and fulfillment to Eagle Pointe I, Eagle Pointe II, Eagle Pointe III and Eagle Pointe IV, their limited partners, and specified affiliates of the limited partners, and certain guaranteed obligations of Bossier Housing Corporation. Such obligations shall be the payment and performance of each and every guaranteed obligation of the Bossier Housing Corporation arising under the Amended and Restated Agreement of Limited Partnership and under the General Partner Closing Certificate of each partnership. Each guaranty includes all the assets of the Housing Authority now owned or hereafter acquired, except for: (i) the property of the Housing Authority located at 805 East First Street, Bossier City, Louisiana, (ii) the property and funds controlled by the Consolidated Annual Contributions Contract No. FW 1144, including amendments, (the "ACC"), and (iii) the funds received by the Housing Authority as proceeds directly pursuant to the ACC. Each guaranty will remain in force until all of the guaranteed obligations of the Bossier Housing Corporation have expired or been fully performed in accordance with each Limited Partnership's Amended and Restated Agreement of Limited Partnership.

The Housing Authority leases copiers under operating lease agreements that call for monthly payments of \$715. The future lease payments under these non-cancelable agreements are: 2012 \$2,495; 2013 \$8,580; 2014 \$8,580; 2015 \$8,580 and 2016 \$6,085.

14. ECONOMIC DEPENDENCY

The Department of Housing and Urban Development provided \$2,612,035 to the Housing Authority, which represents approximately 59% of the Housing Authority's total revenue for the year.

15. SUBSEQUENT EVENTS

The Housing Authority has evaluated subsequent events through December 18, 2012, the date which financial statements were available to be issued, concluding there were no events requiring disclosure.

16. PRIOR PERIOD ADJUSTMENT

In the financial statements for the year ended June 30, 2012, an accounting error arising from prior period financial statements was identified and corrected in the opening balances of net assets. The Housing Authority received a payment of \$65,498 for the Capital Fund Project 2009 prior to June 30, 2011. This was correctly recorded by the Housing Authority. However, it was erroneously recorded again to Capital Fund Project 2010 as a receivable and revenue through an audit adjustment. This resulted in an overstatement of revenue for the year ended June 30, 2011, of \$65,498.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards**

Mailing Address:
P.O. Box 4278
Shreveport, Louisiana 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
www.cricpa.com

To the Board of Commissioners
Housing Authority of the City of Bossier City
Bossier City, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Housing Authority of the City of Bossier City, as of and for the year ended June 30, 2012, which collectively comprise the Housing Authority of the City of Bossier City's basic financial statements and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Housing Authority of the City of Bossier City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Housing Authority of the City of Bossier City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Bossier City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Bossier City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the City of Bossier City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Housing Authority of the City of Bossier City, in a separate letter dated December 18, 2012.

This report is intended solely for the information and use of management and federal awarding agencies, pass-through entities and the State of Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

CARR, RIGGS & INGRAM, LLC
CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 18, 2012

**Independent Auditor's Report on Compliance With Requirements That
Could Have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance With OMB Circular A-133**

To the Board of Commissioners
Housing Authority of the City of Bossier City
Bossier City, Louisiana

Compliance

We have audited the compliance of Housing Authority of the City of Bossier City, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Housing Authority of the City of Bossier City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Housing Authority of the City of Bossier City's management. Our responsibility is to express an opinion on Housing Authority of the City of Bossier City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the City of Bossier City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Housing Authority of the City of Bossier City's compliance with those requirements.

In our opinion, the Housing Authority of the City of Bossier City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures also disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, 2012-03 and 2012-04.

Internal Control Over Compliance

The management of Housing Authority of the City of Bossier City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Housing Authority of the City of Bossier City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Bossier City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, 2012-03, and 2012-04 to be significant deficiencies.

The Housing Authority of the City of Bossier City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Housing Authority of the City of Bossier City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management and federal awarding agencies, pass-through entities and the State of Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

CARR, RIGGS & INGRAM, LLC
CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 18, 2012

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

The auditor's report expresses an unqualified opinion on the financial statements.

Internal control over financial reporting:

- | | | | | |
|---|-------|-----|----------------------|---------------|
| • Material weaknesses identified? | _____ | yes | _____ <u>X</u> _____ | no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ | yes | _____ <u>X</u> _____ | none reported |
| • Noncompliance material to the financial statements noted? | _____ | yes | _____ <u>X</u> _____ | no |

Federal Awards

Internal control over major programs:

- | | | | | |
|---|----------|-----|----------------------|----|
| • Material weaknesses identified? | _____ | yes | _____ <u>X</u> _____ | no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | <u>X</u> | yes | _____ _____ | no |

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ yes _____ X _____ no

The programs tested as major programs included:

- CFDA #14.850 Public and Indian Housing Capital Fund Program Cluster:
- CFDA #14.872 Public Housing Capital Fund
- CFDA #14.885 ARRA- Formula Capital Fund Stimulus Grant

Dollar threshold used to distinguish between Type A and B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ yes _____ X _____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2012-01 Test of Resident Files

United States Department of Housing and Urban Development

CFDA #14.850 Public and Indian Housing
Federal Award Number: LA042-00002012D
Federal Award Year: 2012

Criteria: The Housing Authority is required to determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with 24 CFR part 5 subpart F.

Condition: On two of the forty tenant files sampled, the rental payment calculation contains errors that understated the rental payment calculated. This caused reduced tenant payments to be received by the Housing Authority and overstated the benefit to the tenant.

Effect: Tenant payments received could be materially understated or overstated or tenants could be provided benefits when they were not legitimately eligible.

Cause: Failure to use the actual figures supported by third party verification information retained in the file.

Recommendation: The Housing Authority should ensure that all rental calculations are supported by documentation which is maintained in the tenant file and that amounts used in calculations agree to the support obtained. The Housing Authority should re-perform calculations to ensure they are accurate and document the source of income and deductions so that they are clearly linked to supporting documentation retained in the tenant file.

Views of Responsible Officials and Planned Corrective Action: We recognize that these findings represent significant improvements in this area over the prior periods, however, the Housing Authority management and staff recognize and accept the results of this finding. It is also accepted and recognized that the potential for and occurrence of rent charge errors and documentation errors could result.

Housing Authority personnel have corrected and communicated the correction to the residents regarding any credit or debit to the resident accounts. The preceding corrections were completed by December 12, 2012.

Responsible Housing Authority supervisory and staff employees have been charged with and will be responsible for reviewing relevant HUD guidelines and the employee education program will include, both internal and external training and refresher courses and topics. The reviews and training begin January 2013 and will continue throughout calendar year 2013.

Housing Authority management and staff shall increase/improve both its periodic quality control review of tenant files and tenant rent calculations. The reviews will include both internal peer review and outside third party reviews. The quality program will be fully implemented within the first quarter of calendar year 2013. It should be noted that the 2012 sample size increased from the 2011 sample size but the number of errors and type of errors decreased. This is indicative of the positive results from the previous year's training, performance, and supervisory oversight.

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

2012-02 Resident Council

United States Department of Housing and Urban Development

CFDA #14.850 Public and Indian Housing
Federal Award Number: LA042-00002012D
Federal Award Year: 2012

Criteria: Per 24 CFR, section 964, when tenant participation funds are provided to a PHA, the PHA must provide those funds to duly elected resident councils.

Condition: The Housing Authority receives funding within the operating subsidy for tenant participation and as a condition to the receipt of these amounts, is required to provide those funds to a duly elected resident council, which has not been established. The Housing Authority has set aside the funds received for this purpose to be payable in the future when a resident council is established.

Effect: The Housing Authority is receiving funds that are conditional upon submission to a resident council that does not exist.

Cause: Failure to establish a duly elected resident council and submit the designated funds received to the council.

Recommendation: The Housing Authority should ensure that a duly elected resident council is established and submit all of the funds received for this purpose to this council for its use in tenant participation activities.

Views of Responsible Officials and Planned Corrective Action: The Housing Authority management and staff recognize the importance of and accepts its responsibility to engender and support the formation and full inclusion by the residents of its properties. The Housing Authority accepts the premise on which this finding is based and recognizes and supports the efforts of providing guidance and direction to residents in the development, implementation and ongoing support of a viable, resident council. The Housing Authority has developed plans to reestablish the resident councils in the next two quarters and will employ all possible efforts to maintain this council, however, we understand that this is difficult to maintain the interest of the residents in these councils. In view of this fact, we will redouble our efforts to engender support by the residents.

2012-03 Semi-Annual Certifications

United States Department of Housing and Urban Development

CFDA #14.850 Public and Indian Housing
Federal Award Number: LA042-00002012D
Federal Award Year: 2012
CFDA #14.872 Public Housing Capital Fund Program Cluster
Federal Award Number: LA48P042501-09, LA48P042501-10, LA48P042501-11
Federal Award Year: 2009, 2010, 2011
CFDA #14.885 Public Housing Capital Fund Program Stimulus (Formula) Recovery Act
Federal Award Number: LA48S042-501-09
Federal Award Year: 2009

Criteria: Per OMB Circular A-87, attachment B Paragraph 8h, when there are payroll charges for employees working on federal awards, semi-annual certifications signed by the employee and employee's supervisor are

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

required. In addition, for employees working on multiple federal award projects, the distribution of their salary is to be supported by personnel activity reports or equivalent documentation.

Condition: The Housing Authority does not support the charges for employees working on federal awards with the required semi-annual certifications signed by the employee and employee's supervisor. In addition, for employees working on multiple federal award projects, the distribution of their salary is not supported by personnel activity reports or equivalent documentation.

Effect: Payroll for employees that are working on non-federal projects could be charged to federal awards.

Cause: Failure to support the charges for employees working on federal awards with the required semi-annual certifications signed by the employee and employee's supervisor. In addition, failure to support the distribution of salaries for employees working on multiple federal award projects by personnel activity reports or equivalent documentation.

Recommendation: When there are payroll charges for employees working on federal awards, require the employee to complete semi-annual certifications signed by the employee and employee's supervisor, stating that they worked solely on that program for the period covered by the certification. In addition, for employees working on multiple federal award projects, support the distribution of their salary by personnel activity reports or equivalent documentation.

Views of Responsible Officials and Planned Corrective Action: The Housing Authority will implement procedures to perform this certification for all personnel subject to this requirement immediately.

2012-04 Advance of Funds from Asset Management Projects to Central Office Cost Center

United States Department of Housing and Urban Development

CFDA #14.850 Public and Indian Housing
Federal Award Number: LA042-00002012D
Federal Award Year: 2012

Criteria: In accordance with HUD's regulations, Asset Management Projects are not permitted to loan or advance project funds to the Central Office Cost Center.

Condition: The Housing Authority pools its cash for its COCC, AMPs, and federal programs in a centralized bank account. Subsidiary ledgers are maintained to reflect the amount of the pooled cash attributable to the COCC, AMPs, and federal programs at any point in time. At June 30, 2012, the COCC did not have claim on the pooled cash but instead had a negative cash position of \$577,412. At June 30, 2012, the Business Activities owed COCC \$418,322 and there was an additional \$45,417 due to COCC from other funds. However, the balance indicates that the AMPs had advanced project funds for its operations.

Effect: The Authority did not comply with HUD's rules regarding Asset Management Projects.

Cause: Operating costs of the COCC significantly exceeded the fees earned by the COCC.

Recommendation: The Housing Authority should develop and implement a plan of action that will not only restore the COCC to a positive cash position but also will ensure that the COCC continues to maintain a positive cash position.

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Views of Responsible Officials and Planned Corrective Action: Management of the Housing Authority agrees with the comments noted above. The plan adopted in 2012 to address this was delayed due to the favorable interest rates on the interim loans and the slower than expected rent up of the latest development. With respect to the cash overdraft noted above, first, the COCC plans to collect the interfund receivable due to the COCC from Business Activities in the amount of \$418,322. Second, since the sources of revenues for Business Activities are derived from non-federal activities, the Housing Authority will transfer additional funds from Business Activities sufficient to cover the remaining cash overdraft. The Housing Authority's plan to eliminate the annual operating losses and to bring the fund balance into a positive position is detailed as follows:

- Transfers from Business Activities to the COCC. Such transfers are expected to begin occurring in fiscal year 2013, a delay from the planned 2012 goal while increasing occupancy, and is expected to be sufficient to ensure that the COCC is on sound financial footing at June 30, 2013.
- It is expected that the management fee per unit rate, as established by HUD, will increase due to inflation and for other reasons in future years and assist in this plan.
- The COCC now annually charges the Capital Fund Programs a HUD-allowed management fee, generally ten (10%) percent, which is expected to generate at least \$50,000 annually per each Capital Fund Program. The COCC had not been charging the Capital Fund Programs this management fee in prior years.
- We continue to perform thorough review of all COCC expenses to ascertain that the expenses are only those related to COCC and that any expenses related to other programs are being charged properly to the other programs and are being reimbursed. Also, this effort also will focus on whether any expenses of the COCC can be reduced or eliminated.
- The Housing Authority plans to use the developer fee on Eagle Pointe IV that will be available when the construction and temporary loans are refinanced to permanent loans and the release of funds that are currently pledged to secure these loans, to reduce the overdraft to an amount that will allow COCC to eliminate this issue. The timing of these events is expected in the first half of calendar 2013 as the project comes to at least ninety (90%) percent occupancy.

Person Responsible for Corrective Action:

Mr. William McDonald, President/CEO
Housing Authority of the City of Bossier City
805 East First Street
Bossier City, Louisiana 71171

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2012**

The status of the audit findings reported for the year ended June 30, 2011, is as follows:

Finding No.: 2011-01 Test of Resident Files

Condition: The following exceptions were noted during the test of resident files.

- Two files were missing form 214 Declaration of Citizenship.
- One file did not have the tenant signature in the original lease.
- One file did not have the move-in inspection form.
- Eight files did not have necessary items properly confirmed by an outside third party.
- Five files had an error in the tenant's income calculation.
- One tenant's rental charge did not agree to the rent roll.

Status: See current year finding 2012-01.

Finding No.: 2011-02 Form HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low Income Persons

Condition: For the Public and Indian Housing Low Rent Program and the Capital Fund Program, Form HUD 60002, Section 3 Summary Report was not submitted to HUD as required.

Status: Resolved.

Finding No.: 2011-03 Transfer of Capital Fund Program Operations Funds to COCC

Condition: During the year ended June 30, 2011, the Housing Authority transferred CFP funds totaling \$139,780, which were budgeted for operations, to the Central Office Cost Center (COCC). In addition, Housing Authority personnel, in the performance of their duties, failed to detect in a timely manner the inappropriate transfer of the CFP operations funds to the COCC. Subsequent to year end, this transaction was detected and corrected in the Housing Authority's financial records.

Status: Resolved.

Finding No.: 2011-04 Advance of Funds from Asset Management Projects to Central Office Cost Center

Condition: The Housing Authority pools its cash for its COCC, AMPs, and federal programs in a centralized bank account. Subsidiary ledgers are maintained to reflect the amount of the pooled cash attributable to the COCC, AMPs, and federal programs at any point in time. At June 30, 2011, the COCC did not have claim on the pooled cash but instead had a negative cash position of \$279,956, which indicates that the AMPs had advanced project funds totaling \$279,956 to the COCC for its operations.

Status: See current year finding 2012-04.

Finding No.: 2011-05 Capital Fund Program Draws Not Made in a Timely Manner

Condition: At June 30, 2011, the Housing Authority's 2009 and 2010 CFPs had accounts receivable due from HUD in the amounts of \$206,896 and \$139,067, respectively. With respect to the 2009 CFP and the 2010 CFP, the Housing Authority's initial CFP draw subsequent to June 30, 2011, occurred in October 2011 and November 2011, respectively. In addition, these initial draws were in amounts less than the amounts of the related accounts receivable at June 30, 2011.

Status: Resolved.

Supplemental Information Schedules

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Schedule of Compensation paid Board Members
For the Year Ended June 30, 2012**

The members of the Board of Commissioners serve a staggered five-year term without compensation. The Board consists of the following members as of June 30, 2012:

Ms. Vita M Gregorio
414 Highland Drive
Bossier City, LA 71111-2238
(318) 747-0671

Mr. Joseph Littlejohn
111 Robert E Lee Place
Bossier City, LA 71111-5025
(318) 227-5030

Mr. Charles Maxie
1403 Gibson Circle North
Bossier City, LA 71112-3383
(318) 741-3138

Ms. Clara M. Taylor
1785 South View Drive
Bossier City, LA 71112-2045
(318) 747-9763

Mr. Francisco (Frank) Vela
3635 Green Acres Drive, #352
Bossier City, LA 71111-2160
(318) 752-4912

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs:		
Public and Indian Housing	14.850	\$ 1,436,430
Capital Fund Program Cluster:		
Public Housing Capital Fund	14.872	496,656
ARRA - Formula Capital Fund Stimulus Grant	14.885	123,073
Shelter Plus Care	14.238	<u>555,876</u>
Total U.S. Department of Housing and Urban Development - Direct Programs		<u>2,612,035</u>
Total Expenditures of Federal Awards		<u><u>\$ 2,612,035</u></u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

General:	
Operating Subsidy	\$1,436,430
Capital Fund Program	496,656
Formula Capital Fund Stimulus Grant (ARRA)	123,073
Shelter Plus Care	<u>555,876</u>
Total	<u>\$2,612,035</u>

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with U. S. generally accepted accounting principles.

4. FEDERAL AWARDS

In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Statement of Actual Modernization Cost Certificate
For the Year Ended June 30, 2012

PHA OWNED HOUSING (ACC FW 1144)

1. The Actual modernization costs for the complete modernization program is as follows:

	Grant <u>LA-48-P042-501-09</u>
Funds Approved	\$ 704,527
Funds Expended	<u>704,527</u>
Excess of Funds Approved	<u>None</u>
 Funds Advanced	 \$ 704,527
Funds Expended	<u>704,527</u>
Excess of Funds Advanced	<u>None</u>

2. The distribution of costs as shown on the Actual Modernization Cost Certificate dated September 18, 2012, for the above project is in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Statement of Actual Modernization Cost Certificate
For the Year Ended June 30, 2012

PHA OWNED HOUSING (ACC FW 1144)

1. The Actual modernization costs for the complete modernization program is as follows:

	Grant LA-48-S042-501-09
Funds Approved	\$ 907,714
Funds Expended	<u>835,094</u>
Excess of Funds Approved	<u>\$ 72,620</u>
 Funds Advanced	 \$ 907,714
Funds Expended	<u>835,094</u>
Excess of Funds Advanced	<u>\$ 72,620</u>

2. The distribution of costs as shown on the Actual Modernization Cost Certificate dated March 7, 2012, for the above project is in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

Financial Data Schedule

Housing Authority of the City of Bossier City (LA042)

BOSSIER CITY, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	6 Component Units	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,177,309	\$657,750	\$3,194				\$1,838,253		\$1,838,253
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted		\$428,688					\$428,688		\$428,688
114 Cash - Tenant Security Deposits	\$62,575	\$45,377	\$22,809				\$130,761		\$130,761
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$1,239,884	\$1,131,815	\$26,003	\$0	\$0	\$0	\$2,397,702	\$0	\$2,397,702
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	\$19,109				\$42,209		\$61,318		\$61,318
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous	\$0		\$297,447				\$297,447		\$297,447
126 Accounts Receivable - Tenants	\$14,191	\$9,087	\$15,199				\$38,477		\$38,477
126.1 Allowance for Doubtful Accounts - Tenants	(\$2,449)	(\$1,043)	(\$9,941)				(\$13,433)		(\$13,433)
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$30,851	\$8,044	\$302,705	\$0	\$42,209	\$0	\$383,809	\$0	\$383,809
131 Investments - Unrestricted			\$1,001,897			\$86,174	\$1,088,071		\$1,088,071
132 Investments - Restricted	\$757,605						\$757,605		\$757,605
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$101,864	\$63,102	\$29,707			\$22,270	\$216,943		\$216,943
143 Inventories	\$51,479						\$51,479		\$51,479
143.1 Allowance for Obsolete Inventories	\$0						\$0		\$0
144 Inter Program Due From	\$681		\$586,270			\$463,739	\$1,050,690	(\$46,098)	\$1,004,592
145 Assets Held for Sale									
150 Total Current Assets	\$2,182,364	\$1,202,961	\$1,946,582	\$0	\$42,209	\$572,183	\$5,946,299	(\$46,098)	\$5,900,201
161 Land	\$723,011	\$36,500	\$63,500				\$823,011		\$823,011
162 Buildings	\$20,394,027	\$16,238,851	\$1,101,258				\$37,734,136		\$37,734,136
163 Furniture, Equipment & Machinery - Dwellings	\$369,408	\$727,581	\$51,083				\$1,148,072		\$1,148,072
164 Furniture, Equipment & Machinery - Administration	\$64,548		\$91,969			\$250,253	\$406,770		\$406,770
165 Leasehold Improvements	\$2,018,675	\$864,039	\$67,100				\$2,949,814		\$2,949,814
166 Accumulated Depreciation	(\$17,888,373)	(\$2,204,309)	(\$683,016)			(\$248,132)	(\$21,023,830)		(\$21,023,830)
167 Construction in Progress	\$2,552						\$2,552		\$2,552
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,683,848	\$15,662,662	\$691,894	\$0	\$0	\$2,121	\$22,040,525	\$0	\$22,040,525
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									

Housing Authority of the City of Bossier City (LA042)
BOSSIER CITY, LA
Entity Wide Balance Sheet Summary
Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	6 Component Units	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
174 Other Assets	\$582,627	\$461,350	\$2,178,335				\$3,222,312		\$3,222,312
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$6,266,475	\$16,124,012	\$2,870,229	\$0	\$0	\$2,121	\$25,262,837	\$0	\$25,262,837
190 Total Assets	\$8,448,839	\$17,326,973	\$4,816,811	\$0	\$42,209	\$574,304	\$31,209,136	(\$46,098)	\$31,163,038
311 Bank Overdraft						\$577,412	\$577,412		\$577,412
312 Accounts Payable <= 90 Days	\$42,902	\$26,353	\$26,536		\$783	\$6,192	\$102,766		\$102,766
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$5,290		\$9,313		\$419	\$16,917	\$31,939		\$31,939
322 Accrued Compensated Absences - Current Portion	\$7,565		\$17,989		\$1,853	\$5,125	\$32,532		\$32,532
324 Accrued Contingency Liability									
325 Accrued Interest Payable		\$63,591	\$42,986				\$106,577		\$106,577
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	\$58,223						\$58,223		\$58,223
341 Tenant Security Deposits	\$62,575	\$42,251	\$21,900				\$126,726		\$126,726
342 Deferred Revenues	\$5,129	\$2,581	\$3,451				\$11,161		\$11,161
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$293,988					\$293,988		\$293,988
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities	\$150	\$552,065				\$50	\$552,265		\$552,265
346 Accrued Liabilities - Other	\$31,124		\$16,150		\$287	\$7,274	\$54,835		\$54,835
347 Inter Program - Due To	\$586,951		\$418,322		\$45,417		\$1,050,690	(\$46,098)	\$1,004,592
348 Loan Liability - Current									
310 Total Current Liabilities	\$799,909	\$980,829	\$556,647	\$0	\$48,759	\$612,970	\$2,999,114	(\$46,098)	\$2,953,016
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$10,167,226					\$10,167,226		\$10,167,226
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other		\$1,593,517	\$1,250,000				\$2,843,517		\$2,843,517
354 Accrued Compensated Absences - Non Current	\$15,960		\$33,554		\$4,283	\$8,820	\$62,617		\$62,617
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$15,960	\$11,760,743	\$1,283,554	\$0	\$4,283	\$8,820	\$13,073,360	\$0	\$13,073,360
300 Total Liabilities	\$815,869	\$12,741,572	\$1,840,201	\$0	\$53,042	\$621,790	\$16,072,474	(\$46,098)	\$16,026,376
508.1 Invested In Capital Assets, Net of Related Debt	\$5,681,295	\$4,795,615	\$691,894	\$0	\$0	\$2,121	\$11,170,925		\$11,170,925
511.1 Restricted Net Assets	\$757,605	\$428,802	\$2,953	\$0	\$0	\$0	\$1,189,360		\$1,189,360
512.1 Unrestricted Net Assets	\$1,194,070	(\$639,016)	\$2,281,763	\$0	(\$10,833)	(\$49,607)	\$2,776,377		\$2,776,377
513 Total Equity/Net Assets	\$7,632,970	\$4,585,401	\$2,976,610	\$0	(\$10,833)	(\$47,486)	\$15,136,662	\$0	\$15,136,662
600 Total Liabilities and Equity/Net Assets	\$8,448,839	\$17,326,973	\$4,816,811	\$0	\$42,209	\$574,304	\$31,209,136	(\$46,098)	\$31,163,038

Housing Authority of the City of Bossier City (LA042)
BOSSIER CITY, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	6 Component Units	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$754,790	\$1,142,980	\$701,247				\$2,599,017		\$2,599,017
70400 Tenant Revenue - Other	\$24,222	\$29,795	\$14,662				\$68,679		\$68,679
70500 Total Tenant Revenue	\$779,012	\$1,172,775	\$715,909	\$0	\$0	\$0	\$2,667,696	\$0	\$2,667,696
70600 HUD PHA Operating Grants	\$1,691,983			\$2,380	\$555,876		\$2,250,239		\$2,250,239
70610 Capital Grants	\$241,103			\$120,693			\$361,796		\$361,796
70710 Management Fee						\$375,533	\$375,533	(\$375,533)	\$0
70720 Asset Management Fee						\$52,440	\$52,440	(\$52,440)	\$0
70730 Book Keeping Fee						\$38,213	\$38,213	(\$38,213)	\$0
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue						\$466,186	\$466,186	(\$466,186)	\$0
70800 Other Government Grants									
71100 Investment Income - Unrestricted	\$275	\$1,424	\$102,602			\$107	\$104,408		\$104,408
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery									
71500 Other Revenue	\$3,430	\$3,143	\$243,636			\$902	\$251,111		\$251,111
71600 Gain or Loss on Sale of Capital Assets	\$903	\$395	\$70			\$3,451	\$4,819		\$4,819
72000 Investment Income - Restricted	\$938	\$0					\$938		\$938
70000 Total Revenue	\$2,717,644	\$1,177,737	\$1,062,217	\$123,073	\$555,876	\$470,646	\$6,107,193	(\$466,186)	\$5,641,007
91100 Administrative Salaries	\$92,549	\$175,368	\$238,727		\$16,490	\$185,789	\$708,923		\$708,923
91200 Auditing Fees	\$28,136	\$17,250	\$3,150			\$4,106	\$52,642		\$52,642
91300 Management Fee	\$375,533						\$375,533	(\$375,533)	\$0
91310 Book-keeping Fee	\$38,213						\$38,213	(\$38,213)	\$0
91400 Advertising and Marketing	\$698		\$202			\$261	\$1,161		\$1,161
91500 Employee Benefit contributions - Administrative	\$47,359		\$180,630		\$24,553	\$66,363	\$318,905		\$318,905
91600 Office Expenses	\$221,312	\$9,022	\$31,751			\$45,137	\$307,222		\$307,222
91700 Legal Expense	\$14,863	\$7,248	\$998			\$4,039	\$27,148		\$27,148
91800 Travel	\$17,114	\$6,918	\$2,136			\$9,910	\$36,078		\$36,078
91810 Allocated Overhead									
91900 Other	\$116,487	\$185,412	\$45,540		\$11,210	\$23,976	\$382,625		\$382,625
91000 Total Operating - Administrative	\$952,264	\$401,218	\$503,134	\$0	\$52,253	\$339,581	\$2,248,450	(\$413,746)	\$1,834,704

Housing Authority of the City of Bossier City (LA042)
BOSSIER CITY, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	6 Component Units	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee	\$52,440						\$52,440	(\$52,440)	\$0
92100 Tenant Services - Salaries	\$20,776						\$20,776		\$20,776
92200 Relocation Costs				\$2,380			\$2,380		\$2,380
92300 Employee Benefit Contributions - Tenant Services	\$12,102						\$12,102		\$12,102
92400 Tenant Services - Other	\$12,056	\$31,871	\$16,680				\$60,607		\$60,607
92500 Total Tenant Services	\$44,934	\$31,871	\$16,680	\$2,380	\$0	\$0	\$95,865	\$0	\$95,865
93100 Water	\$174,883	\$49,612	\$33,727			\$1,723	\$259,945		\$259,945
93200 Electricity	\$18,043	\$12,259	\$29,449			\$13,752	\$73,503		\$73,503
93300 Gas	\$3,856		\$1,909			\$1,909	\$7,674		\$7,674
93400 Fuel									
93500 Labor									
93600 Sewer		\$37,769	\$52,497				\$90,266		\$90,266
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense		\$15,937	\$866				\$16,803		\$16,803
93000 Total Utilities	\$196,782	\$115,577	\$118,448	\$0	\$0	\$17,384	\$448,191	\$0	\$448,191
94100 Ordinary Maintenance and Operations - Labor	\$199,301	\$30,700	\$25,700			\$30,283	\$285,984		\$285,984
94200 Ordinary Maintenance and Operations - Materials and Other	\$103,461	\$24,478	\$59,233			\$12,009	\$199,181		\$199,181
94300 Ordinary Maintenance and Operations Contracts	\$419,535	\$122,942	\$212,923			\$37,523	\$792,923		\$792,923
94500 Employee Benefit Contributions - Ordinary Maintenance	\$96,989		\$18,657			\$6,073	\$121,719		\$121,719
94000 Total Maintenance	\$819,286	\$178,120	\$316,513	\$0	\$0	\$85,888	\$1,399,807	\$0	\$1,399,807
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs	\$93,180	\$48,574	\$38,973				\$180,727		\$180,727
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$93,180	\$48,574	\$38,973	\$0	\$0	\$0	\$180,727	\$0	\$180,727
96110 Property Insurance	\$63,768	\$17,416	\$28,839			\$1,617	\$111,640		\$111,640
96120 Liability Insurance	\$57,330	\$42,957	\$7,986			\$11,326	\$119,599		\$119,599
96130 Workmen's Compensation			\$1,331				\$1,331		\$1,331
96140 All Other Insurance	\$7,794		\$6,212			\$11,429	\$25,435		\$25,435
96100 Total Insurance Premiums	\$128,892	\$60,373	\$44,368	\$0	\$0	\$24,372	\$258,005	\$0	\$258,005
96200 Other General Expenses	\$1,058	\$30,014	\$187				\$31,259		\$31,259
96210 Compensated Absences	\$21,633		\$60,915		\$3,656	\$25,054	\$111,258		\$111,258
96300 Payments in Lieu of Taxes	\$58,223						\$58,223		\$58,223
96400 Bad debt - Tenant Rents	\$12,583	\$0	\$15,364				\$27,947		\$27,947
96800 Severance Expense									
96000 Total Other General Expenses	\$93,497	\$30,014	\$76,466	\$0	\$3,656	\$25,054	\$228,687	\$0	\$228,687

Housing Authority of the City of Bossier City (LA042)
BOSSIER CITY, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	6 Component Units	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
96710 Interest of Mortgage (or Bonds) Payable		\$435,371					\$435,371		\$435,371
96720 Interest on Notes Payable (Short and Long Term)			\$30,423				\$30,423		\$30,423
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$435,371	\$30,423	\$0	\$0	\$0	\$465,794	\$0	\$465,794
96900 Total Operating Expenses	\$2,381,275	\$1,301,118	\$1,145,005	\$2,380	\$55,909	\$492,279	\$5,377,966	(\$466,186)	\$4,911,780
97000 Excess of Operating Revenue over Operating Expenses	\$336,369	(\$123,381)	(\$82,788)	\$120,693	\$499,967	(\$21,633)	\$729,227	\$0	\$729,227
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized	\$11,145						\$11,145		\$11,145
97300 Housing Assistance Payments					\$556,293		\$556,293		\$556,293
97350 HAP Portability-In									
97400 Depreciation Expense	\$798,120	\$448,567	\$50,969	\$11,185		\$8,997	\$1,317,838		\$1,317,838
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$3,190,540	\$1,749,685	\$1,195,974	\$13,565	\$612,202	\$501,276	\$7,263,242	(\$466,186)	\$6,797,056
10010 Operating Transfer In									
10020 Operating transfer Out									
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss	(\$37,500)					\$5,286	(\$32,214)		(\$32,214)
10080 Special Items (Net Gain/Loss)		\$209,740					\$209,740		\$209,740
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In					\$56,031	\$125,588	\$181,619	(\$56,031)	\$125,588
10094 Transfers between Project and Program - Out			(\$125,588)			(\$56,031)	(\$181,619)	\$56,031	(\$125,588)
10100 Total Other financing Sources (Uses)	(\$37,500)	\$209,740	(\$125,588)	\$0	\$56,031	\$74,843	\$177,526	\$0	\$177,526
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expense	(\$510,396)	(\$362,208)	(\$259,345)	\$109,508	(\$295)	\$44,213	(\$978,523)	\$0	(\$978,523)

Housing Authority of the City of Bossier City (LA042)
BOSSIER CITY, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	6 Component Units	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$58,844	\$0	\$0	\$0	\$0	\$58,844	\$0	\$58,844
11030 Beginning Equity	\$8,099,356	\$4,947,609	\$3,235,955	\$0	(\$10,538)	(\$91,699)	\$16,180,683	\$0	\$16,180,683
11040 Prior Period Adjustments, Equity Transfers and Correction of Error	\$44,010	\$0		(\$109,508)			(\$65,498)	\$0	(\$65,498)
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity									
11180 Housing Assistance Payments Equity									
11190 Unit Months Available	5163	2064	1644	0	974	0	9992	0	9992
11210 Number of Unit Months Leased	5095	1837	1565	0	974	0	9618	0	9618
11270 Excess Cash	\$876,993						\$876,993		\$876,993
11610 Land Purchases	\$0					\$0	\$0		\$0
11620 Building Purchases	\$335,683					\$0	\$335,683		\$335,683
11630 Furniture & Equipment - Dwelling Purchases	\$41,489					\$0	\$41,489		\$41,489
11640 Furniture & Equipment - Administrative Purchases	\$4,284					\$0	\$4,284		\$4,284
11650 Leasehold Improvements Purchases	\$0					\$0	\$0		\$0
11660 Infrastructure Purchases	\$0					\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0					\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$757,605					\$0	\$757,605		\$757,605

December 18, 2012

Board of Commissioners
Housing Authority of the City of Bossier City, Louisiana
805 East First Street
Bossier City, Louisiana 71171

In planning and performing our audit of the financial statements of the Housing Authority of the City of Bossier City, Louisiana ("Housing Authority") as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

However, during our audit we became aware of certain matters that we deemed necessary to discuss with you. A summary of our comments regarding such matters are included in ML-2012-01, 02 and 03 below. A separate report dated December 18, 2012, contains our report on the Company's internal control. This letter does not affect our report dated December 18, 2012, on the financial statements of the Housing Authority.

We will review the status of these comments during our next audit engagement. We have already discussed the matters noted below with various Housing Authority personnel, and we will be pleased to discuss them in further detail at your convenience.

ML-2012-01: Offsite Backups

During documentation of computer controls, it was noted that there were no offsite backups of AS400 or the local area network. Nightly backups of AS400 are stored on tape in Cathryn Mills office and one night of server backup is stored on a tape that remains in the system and the prior night's backup is overwritten each night with the current night backup. Offsite system and server backup copies should be stored offsite to prevent loss of data due to fire or theft. The Housing Authority does not have a policy or requirement in effect that requires offsite backups. Loss of data could occur due to fire, theft or other incident. We recommend the Housing Authority store a nightly backup of both the system and server at an offsite location in order to prevent loss of data.

The Housing Authority has implemented a procedure to ensure offsite backups of AS400 and the network. The nightly tape that backs up the system will be removed and stored offsite. Additionally, it was discovered that an offsite backup is supposed to be kept at the safety deposit box but Housing Authority personnel were unaware of this. The executive assistant has begun taking the nightly backups to be stored in the safety deposit box at Capital One Bank on Benton Road in Bossier City. Management has confirmed that critical accounting data is presently backed up offsite.

ML-2012-02: Payroll Controls

During testing of payroll transactions the following was noted:

1. Time Sheets are not always signed by both the employee and the supervisor. Timesheets should be signed by the employee noting accuracy and the supervisor noting approval.
2. The Hiring Authorization form, which was signed by the President/CEO, contained the wrong hourly rate for one employee. Management has confirmed that the employee was paid the appropriate rate of pay. Hiring authorization forms should be reviewed for accuracy and signed by the President/CEO noting approval of hiring terms.
3. The President/CEO of the Housing Authority has a signature stamp that can be used at his discretion. Two employees are aware that the stamp exists, and one has access to the stamp. If the stamp is ever used by anyone but the President/CEO, two employees are to initial next to the stamped signature.
4. On several occasions, although the total hours of compensated absences recorded on the employee's time sheet agreed to the total recorded on the payroll register, the break out between sick, vacation and compensatory time on the time sheet did not always agree to the breakout on the payroll register.
5. On several occasions, clerical errors were made when entering information into the APS payroll system. Although some of the errors were caught and corrected, some were not. Time sheets should be compared by an employee other than the one entering the time to time entered into APS before submission to verify accuracy.

Management has reviewed the procedures to address these concerns and has implemented additional supervision, as needed, to ensure that payroll documentation is complete and supports the amounts paid. In addition, management has determined that the signature stamp will be secured so that it requires two authorized persons to be able to access and use it once directed by the President/CEO.

ML-2012-03: Held Checks

During test of controls over cash disbursements, it was noted that Riverwood will request batches of checks to the order of "City of Bossier - Clerk of Court" in the amount of \$70 for future eviction notice fee payments. Riverwood will then hold the checks in a locked office until they are needed for an eviction notice, at which point the check is sent to the Bossier City Clerk of Court for payment. When the staff realizes they are getting low on checks, they simply request a new batch to replenish their dwindling supply of checks. Although the check stubs are maintained with the tenant's records, a log is not kept of the held checks as they are received or as they are released.

Checks should be requested on an as-needed basis as eviction notices are requested. In addition, a log of all eviction notice fee checks should be maintained in order to keep track of which checks were paid for which eviction notices. Any held checks should also be maintained with a log as the checks are received and released to pay eviction notices.

The Housing Authority does not have a policy in place prohibiting the practice of holding checks, nor do they have a policy requiring a log of held checks. The result is potential for misappropriation and misplacement of assets.

We recommend Riverwood request checks for eviction notice fees as needed. If held checks are necessary, a log should be kept to track held check received from the accounting department and held checks released to the clerk of court.

Management indicated that the checks are released in batches so that Riverwood can send the checks as soon as they are aware of a tenant in need of eviction. There was no indication of a particular reason checks for eviction notice fees are issued in batches as opposed to being issued on an as-needed basis.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Company personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

CARR, RIGGS & INGRAM, LLC
CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana